



Senate

General Assembly

File No. 7

January Session, 2007

Senate Bill No. 1082

Senate, March 1, 2007

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING ELIMINATION OF STATE FINANCIAL ASSISTANCE FOR COMPANIES THAT REDUCE RETIREMENT BENEFITS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2007*) On and after October 1,
2 2007, if the state, any agency of the state, including the Department of
3 Economic and Community Development, the Connecticut
4 Development Authority or Connecticut Innovations, Incorporated,
5 provides financial assistance to any business organization, such
6 providing entity shall require, as a condition to receiving financial
7 assistance, that the business organization not eliminate or reduce, for
8 the period during which the business organization receives such
9 financial assistance, any retirement benefit being provided to retirees
10 as of the date such financial assistance is approved by the providing
11 entity. If a business organization eliminates or reduces any retirement
12 benefit in violation of this section, the full amount of any financial
13 assistance received, and a penalty of five per cent of such amount, shall
14 be repaid to the providing entity. For purposes of this section,

- 15 "financial assistance" includes, but is not limited to, all forms of loans,
16 grants, guarantees and tax abatements.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2007</i>	New section

LAB *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Department of Economic & Community Development	Various - See Below	See Below	See Below
CT Innovations Inc. (quasi-public)	Various - See Below	See Below	See Below
CT. Development Auth. (quasi-public)	Various - See Below	See Below	See Below

Municipal Impact: None

Explanation

The financial assistance agreement requirements of the bill would result in an increase in the workloads of the various economic development agencies including the Department of Economic and Community Development (DECD), Connecticut Development Authority (CDA), Connecticut Innovations (CII) for additional/expanded compliance monitoring. Any workload increase is currently anticipated to be minimal and handled through a diversion of resources away from existing duties.

Any increase in revenue or savings to the state due to repayment of financial assistance or penalties is anticipated to be minimal.

To the extent that the additional requirements for businesses to receive state financial assistance reduce the number of applicants, there could be a cost savings to various financial assistance programs.

The Out Years

State Impact:

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Municipal Impact: None

OLR Bill Analysis**SB 1082*****AN ACT CONCERNING ELIMINATION OF STATE FINANCIAL ASSISTANCE FOR COMPANIES THAT REDUCE RETIREMENT BENEFITS.*****SUMMARY:**

This bill requires the state and its agencies, as a condition of providing financial assistance, to prohibit any business receiving state assistance from reducing or eliminating any retirement benefit being provided its retirees as of the date the state assistance is approved. The business must not reduce the benefit during the period it receives state assistance. If the business eliminates or reduces any retirement benefit in violation of the bill, it must repay the assistance in full plus a 5% penalty. Financial assistance includes loans, grants, guarantees, and tax abatements.

EFFECTIVE DATE: October 1, 2007

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 8 Nay 2 (02/13/2007)